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Resources, Community, and  
Economic Development Division

B-279923

May 19, 1998

The Honorable Frank R. Wolf  
Chairman, Subcommittee on Transportation  
and Related Agencies  
Committee on Appropriations  
House of Representatives

Subject: Transportation Infrastructure: Supplemental Information on the  
Federal Highway Administration's Project Selection Process for Five  
Discretionary Programs

Dear Mr. Chairman:

During our February 12, 1998, testimony before your subcommittee, you asked us several questions regarding our November 1997 report on the Federal Highway Administration's (FHWA) procedures for selecting projects under five of its discretionary programs.<sup>1</sup> Through these programs, FHWA provides states with financial assistance for building transportation projects that they may be unable to fund through their federal-aid highway apportionments. Each year, FHWA receives requests from states to fund projects under its discretionary programs. After FHWA program staff evaluate eligible projects, FHWA's Office of the Administrator selects individual projects for funding. Our November 1997 report found that during fiscal years 1995-97, the Office of the Administrator selected a declining proportion of the projects that staff evaluated as most promising and promising—the higher categories. At the February hearing, you asked us to supplement our 1997 report with data that would show whether or not FHWA awarded a disproportionate number of projects or funds to

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<sup>1</sup>Transportation Infrastructure: Review of Project Selection Process for Five FHWA Discretionary Programs (GAO/RCED-98-14, Nov. 7, 1997). The five programs reviewed were the Public Lands Highways Program, the Discretionary Bridge Program, the Ferry Boats and Facilities Program, the Interstate 4R Discretionary Program, and the Interstate Discretionary Program.

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democratic or republican congressional districts for fiscal years 1995-97. On April 30, 1998, we briefed your staff on the results of our additional work. This letter and enclosures detail the information we provided to your staff.

In summary, we found the following:

- In four of the five programs we reviewed (Ferry Boats and Facilities, Discretionary Bridge, Interstate 4R Discretionary, and Interstate Discretionary), which accounted for \$560.3 million, or 79 percent of the \$709.7 million provided, FHWA did not award a disproportionate amount of projects or funds to democratic or republican districts. For example, during fiscal years 1995-97, FHWA awarded 54 percent of the Ferry Boats and Facilities Program funds to projects in democratic districts, 21 percent to projects in republican districts, and 25 percent to projects that crossed democratic and republican districts.<sup>2</sup> This distribution was consistent with the states' requesting 46 percent of the funds for projects in democratic districts, 23 percent for projects in republican districts, and 31 percent for projects that crossed democratic and republican districts.
- In the Public Lands Highways Program, which accounted for \$149.4 million, or 21 percent of the \$709.7 million provided, FHWA awarded more projects and funding to projects in democratic districts even though states requested more funds for projects in republican districts. The fiscal year 1997 selection process affected these results considerably because in that year, the Office of the Administrator awarded nearly all of the projects and most of the funds to projects in democratic districts. For example, while 38 percent of the funds states requested were for projects in democratic districts, FHWA awarded 91 percent of the funds to projects in democratic districts. In addition, during fiscal year 1997, FHWA selected 16 of 32 projects located in democratic districts that FHWA staff had evaluated as qualified—the lowest eligible category—and only 2 of 25 projects in republican districts that staff had evaluated as most promising—the highest eligible category.
- We presented our analyses of all five discretionary programs to FHWA and asked the agency to comment on the results, particularly the results for the Public Lands Highways Program in fiscal year 1997. FHWA acknowledged that in four of the five discretionary programs, there was no difference between the shares of selected versus submitted projects that were in the district of a republican or democratic Member of Congress. In regards to the Public Lands Highways Program, FHWA did not provide a detailed

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<sup>2</sup>In enc. I, we refer to projects that were located in both a democratic district and a republican district as "other" projects.

explanation as to why the Office of the Administrator awarded a disproportionate amount of the projects and funding to democratic districts. FHWA noted that the criteria that staff use in the Public Lands Highways Program are more subjective than the criteria used in the other four programs, thereby providing the Office of the Administrator with more discretion in selecting projects. In addition, FHWA noted that the amount of congressional interest supporting discretionary projects is greater in the Public Lands Highways Program than the four other programs.

#### AGENCY COMMENTS

We provided a draft of this report to the Department of Transportation for review and comment. The Deputy Administrator and the Executive Director, Federal Highway Administration, indicated that it was not accurate to equate the discretionary project groupings (most promising, promising, and qualified) with projects' priority. Where appropriate, we modified the text to reflect this comment.

#### SCOPE AND METHODOLOGY

We performed our review from February through April 1998 in accordance with generally accepted government auditing standards. To prepare this report, we used data that FHWA generates each year through its discretionary programs' project solicitation and review process, and determined which congressional district or districts the candidate projects were in. We then determined the proportion of projects submitted by states and selected by FHWA that were located in districts with democratic, republican, or independent representation.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days from the date of this letter. At that time, we will send copies of the report to the Secretary of Transportation; the Administrator, Federal Highway Administration; and appropriate congressional committees. We will also make copies available to others on request.

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Major contributors to this report were Joseph Christoff, Bonnie Leer, David Lehrer, David Lichtenfeld, Gail Marnik, and Phyllis Scheinberg. Please call me at (202) 512-2834 if you or your staff have any questions.

Sincerely yours,

A handwritten signature in cursive script that reads "John H. Anderson, Jr.".

John H. Anderson, Jr.  
Director, Transportation Issues

Enclosures - 2

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**GAO** Nov. 1997 Report on FHWA Discretionary Programs' Selection Process

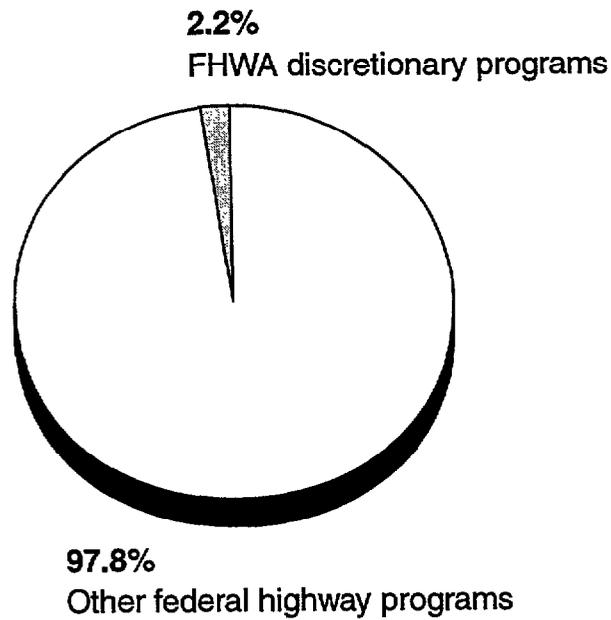
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- Requested by Chairman Shuster to review the project selection process for five FHWA discretionary programs.
- Funding for these programs totaled \$2.7 billion for FYs 1992-97, about 2.2% of ISTEA's highway funds.

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## GAO Five FHWA Discretionary Programs Compared to Overall Federal Highway Budget, FYs 1992-97

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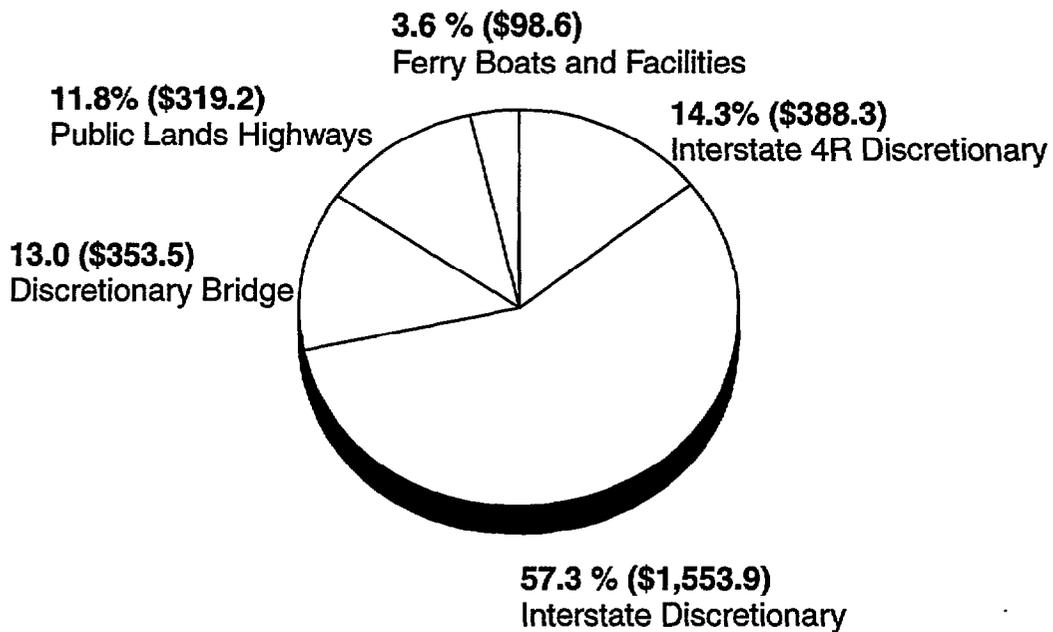


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## GAO Proportion of Total Funding for Five FHWA Discretionary Programs, FYs 1992-97

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### Dollars in millions



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**GAO** November 1997 Report's Major Findings

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- During FYs 1992-94, headquarters staff reviewed states' projects and prepared priority rankings. Then, headquarters staff with program-specific expertise recommended specific projects and funding amounts to the Office of the Administrator.
  - For FYs 1992-94, the Office of the Administrator selected 98% of all projects staff recommended.
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**GAO November 1997 Report's Major Findings**

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- During FYs 1995-97, field staff consolidated states' project submissions, and headquarters staff grouped projects into categories--most promising, promising, qualified, and not qualified.
  - For FYs 1995-97, the Office of the Administrator selected a declining proportion of projects that staff grouped as most promising and promising; 92% in FY 1995, 69% in FY 1996, and 59% in FY 1997--73% overall.
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**GAO** November 1997 Report's Major Findings

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- Headquarters staff use administrative and statutory criteria (e.g., projects from states with 3% of public lands get priority) to place projects in groupings and document their decisions.
  - The Administrator's Office is not required to and does not document its criteria or justifications for final selections.
  - All projects selected met statutory eligibility.
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**GAO** Analysis of Submissions and  
Selections by Congressional District

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- At a recent appropriations hearing, Chairman Wolf raised questions about our 1997 report and requested that we determine the proportion of projects selected for democratic versus republican congressional districts.
  - Using information that staff provide to the Office of the Administrator, we determined this proportion for FYs 1995-97.
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**GAO** Summary of Analysis by Program

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- For the \$49.4 million that FHWA awarded under the Ferry Boats and Facilities Program during FYs 1995-97, FHWA did not award a disproportionate amount of projects or funds to democratic or republican districts.
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**GAO** Summary of Analysis by Program

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- For the \$176.1 million that FHWA awarded under the Discretionary Bridge Program for FYs 1995-97, FHWA did not award a disproportionate amount of projects or funds to democratic or republican districts.
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**GAO Summary of Analysis by Program**

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- For the \$197.9 million that FHWA awarded under the Interstate 4R Discretionary Program for FYs 1995-97, FHWA did not award a disproportionate amount of projects or funds to democratic or republican districts.

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**GAO** Summary of Analysis by Program

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- For the \$136.9 million that FHWA awarded under the Interstate Discretionary Program for FYs 1995-97, FHWA did not award a disproportionate amount of projects or funds to democratic or republican districts.
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**GAO** Summary of Analysis by Program

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- For the \$149.4 million that FHWA awarded under the Public Lands Highways Program for FYs 1995-97, it appears that, overall, FHWA awarded a disproportionate amount of projects and funds to democratic districts. However, these results are significantly influenced by the selections in FY 1997, when FHWA awarded nearly all projects and funds to democratic districts.
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**GAO** 1995 Public Lands Highways Program's  
Projects and Funding

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- Sixty-eight percent of funding went to projects located in democratic districts, while projects in democratic districts represented 63% of the funding requested.
  - Of the 30 projects selected, 20 (67%) were in democratic districts, 8 (27%) were in republican districts, 1 (3%) was in an independent district, and 1 (3%) was in both a democratic district and a republican district ("other"). (See following tables.)
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**GAO** 1996 Public Lands Highways Program's  
Projects and Funding

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- Fifty-six percent of funding went to projects located in republican districts, while projects in republican districts represented 64% of the funding requested.
  - Of the 29 projects selected, 16 (55%) were in democratic districts, 11 (38%) were in republican districts, 1 (3%) was in an independent district, and 1 (3%) was in both a democratic district and a republican district ("other"). (See following tables.)
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**GAO 1997 Public Lands Highways Program's  
Projects and Funding**

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- Ninety-one percent of funding went to projects located in democratic districts, while projects in democratic districts represented 38% of the funding requested.
  - Of the 32 projects selected, 27 (84%) were in democratic districts, 3 (9%) were in republican districts, and 2 (7%) were in independent districts. (See following tables.)
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**GAO** Public Lands Highways Program's  
Funding, FYs 1995-97 (Dollars in millions)

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<b>Funding requested</b>	1995		1996		1997	
Democratic	84.3	63%	55.7	36%	93.5	38%
Republican	49.5	37%	99.9	64%	152.7	62%
Independent	0.2		0.3		0.5	
Other	0.1		0.2		0.3	
<b>Total</b>	<b>134.1</b>		<b>156.1</b>		<b>247.0</b>	

<b>Funding provided</b>	1995		1996		1997	
Democratic	38.1	68%	16.2	43%	50.9	91%
Republican	17.5	31%	21.3	56%	4.3	8%
Independent	0.1		0.3		0.5	1%
Other	0.1		0.2		0.0	
<b>Total</b>	<b>55.8</b>		<b>38.0</b>		<b>55.7</b>	

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Note: States apply for funding in the calendar year prior to the fiscal year in which funding is awarded. For example, fiscal year 1995 applications were due in 1994, and selections were announced in November 1994.

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**GAO Public Lands Highways Program's  
Projects Selected, FYs 1995-97**


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<b>Projects submitted</b>	1995		1996		1997	
Democratic	47	62%	28	41%	48	44%
Republican	26	34%	38	56%	57	53%
Independent	2	3%	1	1%	2	2%
Other	1	1%	1	1%	1	1%
<b>Total</b>	<b>76</b>		<b>68</b>		<b>108</b>	

<b>Projects selected</b>	1995		1996		1997	
Democratic	20	67%	16	55%	27	84%
Republican	8	27%	11	38%	3	9%
Independent	1	3%	1	3%	2	6%
Other	1	3%	1	3%	0	
<b>Total</b>	<b>30</b>		<b>29</b>		<b>32</b>	

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\*Percentages sometimes do not add to 100 because of rounding.

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**GAO 1997 Public Lands Highways Program's  
Projects by Grouping Category**

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- The Office of the Administrator can select projects grouped from most promising (highest category) to qualified (lowest category).
  - The Office of the Administrator selected 16 qualified projects that were located in democratic districts.
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GAO 1997 Public Lands Highways Program's  
Projects and Funding

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- In contrast, the Office of the Administrator selected 2 of the 25 most promising projects that were located in republican districts.

(See following table.)

Public Lands Highways Program's Project Submissions and Selections  
by Grouping Category and Party, Fiscal Years 1995-97

Grouping by party	FY 95		FY 96		FY 97		Total		Percent
	SUB	SEL	SUB	SEL	SUB	SEL	SUB	SEL	
<b>Most promising</b>									
Democratic	20	16	6	4	10	7	36	27	75
Republican	6	5	14	4	25	2 <sup>a</sup>	45	11	24
Independent	1	1	1	1	2	2	4	4	100
Other	1	1	0	0	1	0	2	1	50
<b>Promising</b>									
Democratic	10	2	7	5	6	4	23	11	48
Republican	7	3	9	4	5	1	21	8	38
Independent	1	0	0	0	0	0	1	0	0
Other	0	0	1	1	0	0	1	1	100
<b>Qualified</b>									
Democratic	17	2	15	7	32	16	64	25	39
Republican	13	0	15	3	27	0	55	3	5
Independent	0	0	0	0	0	0	0	0	N.A.
Other	0	0	0	0	0	0	0	0	N.A.
<b>Democratic subtotal</b>	<b>47</b>	<b>20</b>	<b>28</b>	<b>16</b>	<b>48</b>	<b>27</b>	<b>123</b>	<b>63</b>	<b>51</b>
<b>Republican subtotal</b>	<b>26</b>	<b>8</b>	<b>38</b>	<b>11</b>	<b>57</b>	<b>3</b>	<b>121</b>	<b>22</b>	<b>18</b>
<b>Independent subtotal</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>80</b>
<b>Other subtotal</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>67</b>
<b>Total</b>	<b>76</b>	<b>30</b>	<b>68</b>	<b>29</b>	<b>108</b>	<b>32</b>	<b>252</b>	<b>91</b>	<b>36</b>

Legend

SUB = Submitted to the Office of the Administrator  
 SEL = Selected by the Office of the Administrator

Note: Does not include projects grouped as not qualified--none of which were selected.

<sup>a</sup>These two projects were selected without FHWA staff's review. FHWA officials stated that staff would have grouped them as most promising. FHWA officials also stated that the projects are in republican districts.

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**GAO** FHWA's Explanation for the Public Lands  
Highways Program's FY 1997 Results

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- We did not attempt to independently determine the reasons behind the FY 1997 results. Instead, we provided FHWA officials with our analyses and requested that FHWA provide an explanation. FHWA officials had no detailed explanation for the FY 97 Public Lands Highway Program's project selection results. They offered the following:
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**GAO FHWA's Explanation for the Public Lands  
Highways Program's FY 1997 Results**

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- The criteria used by FHWA staff in evaluating candidate projects are more subjective than the criteria used in the other four programs. As a result, the Office of the Administrator has more discretion under the Public Lands Highways Program than the other four programs we reviewed.
  - The amount of congressional interest supporting projects is greater in the Public Lands Highways Program.
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FHWA'S RESPONSE TO GAO'S ANALYSIS OF DISCRETIONARY  
PROGRAMS' PROJECT SELECTION RESULTS, FISCAL YEARS 1995-97

The attached, "GAO Review of Selection Process," is FHWA's response to our analyses of the project selection results for five FHWA discretionary programs for fiscal years 1995-97. FHWA provided this explanation to us pursuant to a March 30, 1998, meeting in which we asked FHWA to specifically explain why it awarded a disproportionate amount of projects and funding to democratic districts during the fiscal year 1997 project selection process for the Public Lands Highways Program.

## GAO Review of Selection Process

General

FHWA's project selection process has fully complied with all statutory and administrative requirements. The Administrator has broad discretion in selecting projects according to statute. FHWA ensures that the funding always goes to eligible projects and that there is a wide geographic equitable distribution of funds.

Partisan distribution is neither a statutory nor administrative criterion for evaluating potential selections. The GAO review of the five discretionary programs showed that there is fair and equitable treatment with regard to project selection. For four of the five programs assessed, representing approximately 80 percent of the funds, there was no difference between the share of selected versus submitted projects that were in the district of a Republican or Democratic member of Congress.

Public Lands Highways (PLH) Discretionary Program

In regard to the data assembled by GAO showing submissions and selections by Party, one small adjustment should be made to the FY 1997 PLH discretionary figures as follows:

In FY 1997, two projects were selected for funding that were not included in the original allocation plan sent forward by staff. Requests for both of these projects arrived after staff had forwarded the allocation plan to the Administrator's office. One project, for \$3.7 million, was in Oregon and involved improvements to the Historic Columbia River Highway. The other project, for \$0.3 million, was in Alaska and involved preliminary engineering for a new road project on the Matlakatla Indian Reservation. It is noted that both projects involve Republican congressman. If staff had placed these projects in one of the "grouping categories," both would have been placed in the "Most Promising" category.

The following factors impact project selection for PLH discretionary when compared to the other four discretionary programs reviewed by the GAO:

- o For these five discretionary programs, the PLH discretionary program has the largest number of candidates submitted with the broadest range of eligible project activities.
- o In general, the criteria used by the staff for evaluating PLH discretionary candidates is more subjective than the other four programs, thus allowing the Administrator's office more discretion when selecting projects under this program. While the statutory guidance calls for giving preference to the 3% States (i.e., States with at least 3% of the nation's public lands), there is no legislative guidance besides that. The professional staff have used a variety of qualitative criteria to group projects into most promising, promising and

qualified including the 3% factor, past allocations, geographic distribution, national concern (e.g., District of Columbia) and size of budget.

- c For the PLH discretionary program, there is a large amount of support expressed for specific projects by individual representatives or senators in the form of correspondence to the agency. Typically, the volume of congressional correspondence for PLH discretionary candidates exceeds that received for the other four discretionary programs combined. This congressional interest is considered in the selection process.

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